

Flexible Benefits

Watch Your Taxes Fall! Save For Medical And Dependent Care Expenses.

Now is the time to take advantage of Medical Expense and Dependent Care Flexible Reimbursement Accounts (FRAs).

November 1 through December 1 is the annual enrollment period to join one or both accounts for the 2001 plan year.

Why Should I Enroll In An FRA?

FRAs help you save money! Here's how. You set funds aside from your paycheck on a pre-tax basis for certain medical or dependent care expenses

not covered by your health plan. You determine the amount to have deducted each pay period. As you incur eligible expenses, you simply request tax-free withdrawals from the fund to reimburse yourself. You end up with tax savings and a way to ensure that the funds are there for important expenses when you need them.

FOR 2001

*Enroll in Flexible
Reimbursement Accounts:*

November 1 – December 1

Premium Conversion: Enroll Or Discontinue Enrollment November 1 – December 1

If you want to keep your Premium Conversion selection just the way it is, do nothing!

If you want to change your current Premium Conversion selection, complete the Premium Conversion block on Part D of the Enrollment/Waiver form and return it to your Benefits Administrator before the December 1 deadline.

If you want to cancel your health benefits coverage and you have Premium Conversion, complete Part A of

the Enrollment/Waiver form and return it to your Benefits Administrator.

Premium Conversion...allows you to pay your health benefits premiums on a pre-tax basis, saving you tax dollars each year. If you have Premium Conversion, there are restrictions on when you may make changes to your health benefits plan. See the Flexible Benefits Sourcebook (#990034) or contact your agency Benefits Administrator for more information.

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How To Enroll In An FRA

If you do not have an FRA, but wish to participate in the Flexible Benefits annual enrollment for 2001, simply complete the Election Form on page 6.

If you do not wish to re-enroll in an FRA for 2001, **do nothing!** But remember, any existing accounts will end December 31, 2000.

If you are currently enrolled in an FRA, and wish to enroll for 2001, see the unique enrollment option below.

Unique Enrollment Option For Current FRA Participants

You may re-enroll for the 2001 plan year using EmployeeDirect instead of the Election Form on page 6. EmployeeDirect is the Commonwealth's new health benefits enrollment and information system.

We are taking a careful, measured approach to launching this important health benefits system. That's why EmployeeDirect will be available to current FRA participants this fall. We are anxious to test the waters and hear feedback from FRA participants before we fully implement the system for all employees in the spring of 2001.

If you are currently enrolled in an FRA, you will receive at your home in November an EmployeeDirect brochure containing your confidential Passcode. Watch for the yellow envelope marked "Important Health Benefits Information Inside." **Remember:** You will need your Passcode to access EmployeeDirect during Flexible Benefits annual enrollment, which ends December 1, 2000.

The Accounts – At A Glance

Dependent Care Reimbursement Account... allows you to set aside money to pay for the care of a dependent child or qualifying adult before the money is taxed as income. Use this account to pay for child care or expenses incurred while caring for an adult dependent living in your home.

Medical Expense Reimbursement Account... allows you to set aside pre-tax dollars to pay for eligible medical, dental, and vision expenses that are not reimbursed under your health benefits plan. This includes deductibles and copayments, eyeglasses and contact lenses, and other medical expenses that you pay out of your own pocket.

Facts About FRAs

- **Plan Year.** Medical Expense and Dependent Care FRAs are set up on a yearly basis from January 1 through December 31.
- **Use It Or Lose It.** You must use all of the money in your account by the end of the year, so plan wisely!
- **Monthly Administrative Fees.** Fees are \$2.25 for one account, \$4.00 for both.
- **How Much You Can Put Aside.** You may put aside the following amount each year:
 - Medical Expense \$480 to \$5,000
 - Dependent Care \$480 to \$5,000 (*see Worksheet for special rules*)



- **No Transfer.** You may not transfer money between the two accounts.
- **Getting Reimbursed.** Reimbursement checks are issued within 10 days from the time a reimbursement request is received.
- **File For Reimbursement By March 31.** If you are in an FRA for 2000, you have until March 31, 2001 to file for reimbursement. Send Reimbursement request forms to FBMC, P.O. Box 1878, Tallahassee, FL 32302-1878.

Flexible Benefits Sourcebook: Everything You Need To Know About The Accounts

Take advantage of the new issue of the Flexible Benefits Sourcebook (#990034). This booklet gives you all the details about the Flexible Benefits Program for 2001. The latest edition of this booklet is available from your agency Benefits Administrator. It's also available under the Flexible Benefits link on the Department of Human Resource Management Web site at www.dhrm.state.va.us/hbenefit.htm.

Who To Contact For FRA Assistance

Your accounts are administered by Fringe Benefits Management Company (FBMC).

- Free Tax Savings Analysis & Customer Service:
1-800-342-8017
Mon. – Fri., 8 a.m. to 10 p.m.
- Flexible Reimbursement Account Status
via 24-hour benefits line:
1-800-865-3262
- Fax-In Reimbursement Requests:
1-850-425-4608 fax line
- On the Web:
www.fbmc-benefits.com
Click on the "Customers" link.

Making Changes During The Plan Year

Any decision you make regarding your Flexible Benefits accounts, such as enrolling, ending participation, or changing your contribution amount, is called an election. Once you make an election, you may only make changes during the year under limited circumstances because of Internal Revenue Service (IRS) regulations. There are some new rules for 2001.

Highlights Of When You Can Make Changes During The Plan Year

- When you, your spouse or dependent becomes entitled to enroll in another health plan
- During your spouse or dependent's annual enrollment period
- For the Dependent Care Reimbursement Account and Premium Conversion only:
 - When the coverage or the cost changes for your spouse or dependent, including the gain or loss of a plan option
- For the Medical Reimbursement Account and Premium Conversion only:
 - When a Qualified Medical Child Support Order (QMCSO) is issued
- For the Dependent Care Reimbursement account only:
 - change of child care providers
 - change in number of eligible dependents
 - changes in provider fees (unless provider is a relative)

This is not a complete list. For a more detailed list and explanation, consult your Flexible Benefits Sourcebook.

Use The Worksheet And The Toll-Free Tax Analysis Number

Use the worksheet on page 5 to calculate the expenses you expect to have during the year – expenses you know your health benefits plan will not cover. *Plan carefully – you must use the full amount that you set aside during the year. Unused funds cannot be refunded.*



Here is another great way to find out if Medical Expense and Dependent Care FRAs are right for you. Simply call Fringe Benefits Management Company (FBMC) at 1-800-342-8017 for a free Tax Saving Analysis. This analysis will show you the total annual tax break you would receive by enrolling in one or both accounts. When you call, you will need to have the following information ready:

- Your salary, and your spouse's salary if married
- Number of dependents
- Your tax filing status (single, married filing a joint tax return, etc.)
- Your state income tax rate (as shown on the State Income Tax table)
- Amount you plan to put into the account(s)

FRA Worksheets

Deciding how much to deposit

To figure out how much to deposit in your FRA, refer to the following worksheets. Calculate the amount you expect to pay during the plan year for eligible, uninsured out-of-pocket healthcare and/or dependent care expenses. This calculated

amount cannot exceed established IRS limits for the plan and calendar years. (Refer to the individual FRA descriptions in this booklet for limits.) **Be conservative in your estimates, since any money remaining in your accounts cannot be returned to you or carried forward to the next plan year.**

TAX-FREE MEDICAL EXPENSE WORKSHEET

Estimate your eligible, uninsured out-of-pocket medical expenses for the plan year, which is January 1 through December 31.

YOUR ELIGIBLE UNINSURED MEDICAL EXPENSES

_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____
_____	\$ _____

SUBTOTAL

Estimated uninsured expenses for your period of coverage during the plan year.

\$ _____

ANNUAL CONTRIBUTION

This is the amount you will enter during your phone or web enrollment, or when completing your paper election form. Amount cannot exceed \$5,000.

\$ _____

DIVIDE

by the number of paychecks you will receive during the plan year*.

This is your pay period contribution.

\$ _____

*If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year, based on your effective date.

TAX-FREE DEPENDENT CARE WORKSHEET

Estimate your eligible dependent care expenses for the plan year, which is January 1 through December 31. Remember that your calculated amount cannot exceed the calendar year limits established by the IRS.

NUMBER OF WEEKS

you will have eligible dependent care expenses from January 1 through December 31.
Remember to subtract holidays, vacations and other times you may not be paying for eligible child, adult or elder care.

MULTIPLY

by the amount of money you expect to spend each week.

\$ _____

SUBTOTAL

Remember, your total contribution cannot exceed IRS limits for the plan year and the calendar year.

\$ _____

ANNUAL CONTRIBUTION

This is the amount you will enter during your phone or web enrollment, or when completing your paper election form.
Amount cannot exceed IRS limits.

\$ _____

DIVIDE

by the number of paychecks you will receive during the plan year*.

This is your pay period contribution.

\$ _____

*If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year, based on your effective date.

FLEXIBLE REIMBURSEMENT ACCOUNT ELECTION FORM

To enroll in or make changes to your Flexible Reimbursement Accounts (FRAs), you may contact your agency's Benefits Administrator, visit the DHRM web site at www.dhrm.state.va.us/hbenefit.htm, or complete this paper election form.

To start, continue or change your account, place the election amount for the plan year in Box 1. Enter the number of paychecks and revised deduction per paycheck for the remainder of the plan year in Boxes 2 and 3 of the appropriate account.

To discontinue participation, place a zero in Box 3 of the applicable account.

Press hard with ballpoint pen.

Social Security #				Agency Number			
Name (Please Print) Last			First		MI	E-mail Address	
Home Address				City		State	Zip
Daytime Phone ()		Home Phone ()		Date of Hire	Date of Birth	No. Pay Periods	Annual Salary
ENROLLMENT STATUS <input type="checkbox"/> CHANGE IN STATUS* <input type="checkbox"/> NEW HIRE <input type="checkbox"/> ANNUAL ELECTION PERIOD *Indicate the Change In Status event you have experienced by checking the appropriate box on the back of this form.						Effective Date	

Indicate the amount you wish to pay through tax-free salary deduction by completing the sections below.

Complete the worksheets provided in your Flexible Benefits Sourcebook before deciding on the amount.

If you have questions, consult your Flexible Benefits Sourcebook, Benefits Administrator or call FBMC Customer Service at 1-800-342-8017.

In Box #1 indicate the dollar amount you elect to contribute for the plan year.

In Box #2 indicate the number of regular payroll checks you expect to receive during the plan year. (If you are a new employee enrolling after the plan year begins, divide by the number of pay periods remaining in the plan year, based on your effective date.)

In Box #3 indicate the deduction amount per paycheck. (Note: if Box #2 times Box #3 does not equal box #1 exactly, the amount in Box #3 may be changed slightly by FBMC due to rounding). For changes during the plan year, this amount will indicate the revised deduction.

MEDICAL EXPENSE FLEXIBLE REIMBURSEMENT ACCOUNT	
For eligible medical expenses incurred by you, your spouse and eligible dependents. (Minimum is \$480 per year; Maximum allowable contribution is \$5,000)	
Box #1	Total plan year dollar amount from your worksheet _____
Box #2	Number of regular paychecks expected ÷ _____
Box #3	Deduction per regular paycheck = _____

DEPENDENT CARE FLEXIBLE REIMBURSEMENT ACCOUNT	
TAX FILING STATUS [PLEASE CHECK ONE]: Minimum is \$480 per year	
<input type="checkbox"/> Married, filing separately [maximum - \$2,500]	<input type="checkbox"/> Married, filing jointly [maximum - \$5,000]
<input type="checkbox"/> Single, head of household [maximum - \$5,000]	
Box #1	Total plan year dollar amount from your worksheet _____
Box #2	Number of regular paychecks expected ÷ _____
Box #3	Deduction per regular paycheck = _____

IMPORTANT. I UNDERSTAND THAT:

- I hereby authorize my employer to reduce my gross salary before taxes are calculated by the total amount of annual salary reduction indicated above.
- Any amount remaining in any FRA not used during this plan year will be forfeited since it cannot be carried forward to the next plan year.
- The funds in one FRA cannot be used to reimburse expenses covered by another FRA.
- Expenses for which I am reimbursed cannot be deducted on my income tax return.
- The funds in any FRA can only be paid out to reimburse payment of eligible expenses actually incurred during my period of coverage.

- The monthly administrative fee will be deducted from my paycheck.
- The amount of salary deduction will include the items specified above and will continue in effect unless I terminate employment or file an approved Change In Status with the Benefits Administrator within 31 days of the event.
- And agree that my employer and Fringe Benefits Management Company, the contract administrator, will not incur any liability resulting from either my participation in any FRA or my failure to sign or accurately complete this election form.

Employee Signature	Date Signed
Benefits Administrator Signature	Date Signed

DO NOT WRITE BELOW THIS LINE — FBMC USE ONLY

DATA ENTRY	VERIFICATION	SCANNED	INDEXED	SPECIAL NOTES
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MAIL SERVICE PHARMACY-STATEWIDE PLANS

Use The Mail Service Pharmacy And Save!

Attention Key Advantage and Cost Alliance members. Do you use certain prescription drugs on a regular basis? Rather than waiting in line at the drug store for refills, wouldn't it be nice to get a 3-month supply through the mail and save money, too? The good news is, you can! It's possible through your mail service pharmacy benefit.

If you have questions about the mail service pharmacy, call **1-800-355-8279** for more information or visit **www.merckmedco.com** on the Internet. Be sure to tell the service representative that you are a Commonwealth of Virginia employee.

Emphasis On Safety And Quality

There is no need to be concerned about the safety and quality of mail order drugs. Quality control and safety are cornerstones of the mail service pharmacy operation. Mail service prescriptions are mailed in protective shock and tamper-resistant packages with no indication that drugs are enclosed. The mail service pharmacy has established shipping methods for drugs that require special handling, such as temperature-sensitive drugs, insulin, and drugs which may irritate the skin if handled outside of the container.

Experienced and specially trained registered pharmacists manage and operate the pharmacy. A chief registered pharmacist oversees all dispensing activities, and registered pharmacists supervise the dispensing process. Two different pharmacists check each prescription to make sure you get the right medicine in the right strength and the right quantity.



The mail service pharmacists protect the integrity of your prescription by verifying the accuracy of each prescription, reviewing enrollee profiles and medication

histories to identify possible problems, and calling prescribing physicians with any questions about the prescription. A pharmacist reviews every order for completeness and accuracy before it is mailed, and is the last person to handle the medication before it is sent to you.

Sophisticated dispensing and computer systems help pharmacists fill each prescription accurately and efficiently. The mail service pharmacy uses the same database to verify eligibility and monitor drug utilization as the retail pharmacy. In fact, mail service pharmacies are subject to the same degree of regulation and scrutiny as retail pharmacies.

Save Time And Money

Ordering prescriptions through the mail service pharmacy is quick and easy. You'll do more than save time – you'll save money, too. Take a look at the copayment savings at the right.

	90-Day Supply At The...		Using Mail
	Retail Pharmacy	Mail Service	Service You Save
Key Advantage	\$26	\$18	\$8
Cost Alliance	\$36	\$23	\$13

MAIL SERVICE PHARMACY-STATEWIDE PLANS

Ready To Try This Great Service? You Have a Choice of Two Ways to Order Your Prescriptions.

Mail In Your Order Form With Your Prescription

- Call Trigon Member Services at 355-8506 in Richmond or 1-800-552-2682 outside Richmond to request the *Commonwealth of Virginia Mail Service Program* brochure/order form and mailing envelope.
- Obtain a 90-day prescription from your doctor, plus refills.
- Complete the order form and patient profile included with the brochure. Enclose your prescription(s) and your copayment in the mail service envelope.
- **Allow 14 days for your order.** Your prescription will be mailed to you via U. S. mail or UPS. Prescriptions are usually shipped within 48 hours from the time your order is received.

Ask Your Doctor To Fax Prescriptions To The Mail Service Pharmacy

Your doctor may use this convenient fax service to:

- Order your new prescriptions
- Renew prescriptions when no refills are left

Here's all you need to do.

1. Ask your doctor to call **1-888-EASYRX1** (1-888-327-9791) for fax instructions.
2. Give your doctor a copy of the form below, or provide your doctor with the necessary information over the telephone.
3. A bill for the copayment will be mailed with your prescription.

Please note that **1-888-EASYRX1** is for doctors only. Contact Member Services if you have questions about your prescription drug program.

Dear Doctor:

Please fax my prescription(s) orders! Call **1-888-EASYRX1** (1-888-327-9791) for a fax form and instructions.

Patient's Name

Identification Number

Prescriptions for controlled substances may not be submitted by fax. Please instruct the patient to mail in these prescriptions.

Your patient's Prescription Drug Benefit Program provides medication through Merck-Medco Rx Services.

No More Retail Maintenance Pharmacy

In case you missed it, the Retail Maintenance Pharmacy program has been discontinued. As published in the April issue of Spotlight, the outpatient prescription drug benefit as of July 1 for Key Advantage and Cost Alliance includes up to a 34-day supply of drugs, or up to a 35-90 day supply at a participating retail pharmacy. You may also obtain up to a 90-day supply through the mail service pharmacy.



Employee Assistance: There's Help When You Need It

When should you seek help with a problem at home or at work? Right away! That's when difficulties are resolved more easily, before the problem gets too big. And that's why each plan under the State Health Benefits Program offers, free of charge, an Employee Assistance Program (EAP). Accessing benefits through the EAP replaces the previous State Employee Assistance Services (SEAS) program, and enhances your options by providing a variety of specialists in local communities.

What is employee assistance? It is a confidential assessment, counseling, consultation and referral program that addresses personal and work-related issues. Included in all health plans are up to four sessions for such services as mental health, alcohol or drug abuse assessment, child or elder care, grief counseling and legal or financial services. In general, care must be authorized in advance.

The regional HMO and POS plans provide an EAP through their benefit plans. For the statewide Key Advantage and Cost Alliance plans, Magellan Behavioral Health administers the EAP. Magellan provides easy access to its services through a toll-free number at **1-800-775-5138**. When you call, an EAP professional is available 24 hours a day, seven days a week to speak with you. The counselor personalizes your care by helping to clarify the problem, identifying options, and developing a plan of action to address your needs.

Magellan also provides tips on health and wellness, and can help you find resources in the community to help with specific challenges, ranging from anxiety disorders to credit management and sleep disorders.

For more information on your plan's Employee Assistance Program, contact the Member Services Department or visit your plan's web address. If you have a need for employee assistance, call you plan's EAP at the number shown below.

Employee Assistance Program Contacts

STATEWIDE PLANS

Key Advantage and Cost Alliance

Magellan Behavioral Health

- 1-800-775-5138
- TDD 1-800-828-1120 Virginia Relay Center
- www.magellanhealth.com

REGIONAL PLANS

Aetna U.S. Healthcare Inc.

- 1-877-347-0140 (toll free)
- www.aetnaushc.com/custom/cwva

CIGNA HealthCare of Virginia, Inc.

- 1-800-292-3277
- www.provider.healthcare.cigna.com/va.html

Kaiser Foundation Health Plans of the Mid-Atlantic States

- 1-877-347-0140 (toll free)
- www.kaiserpermanente.org

Optimum Choice, Inc. (OCI)

- 1-877-427-3882 (toll-free)
- www.mamsi.com

Piedmont Community HealthCare, Inc.

- 1-800-645-1246 or (804) 845-1246
- www.pchp.net

GENERAL INFORMATION

Your Benefits Administrator

Who are Benefits Administrators and what are their responsibilities? In simple terms, they are the individuals responsible for the overall administration of the State Health Benefits Program in state agencies. The duties of a Benefits Administrator include:

- Assisting employees and retirees with enrollment and changes in their plans or membership. Benefits Administrators make certain that all employees receive health benefits information, and that they know when they may apply for initial health benefits coverage or for changes in plan or membership.
- Answering employee and retiree questions about health benefits and eligibility requirements.
- Ensuring that new employees have accurate information about the health benefits plans offered under the State Health Benefits Program.

In addition to your Benefits Administrator, other sources of health benefits information include your health plan's Member Services Department, health plan materials and the Department of Human Resource Management's Web site at <http://www.dhrm.state.va.us/hbenefit.htm>.



Your Rights Under Extended Coverage

Extended Coverage is a term used to describe coverage that government employers are required to offer under the provisions of the Public Health Service Act. These provisions also apply to private employers under the Consolidated Omnibus Budget Reconciliation Act of 1986 (COBRA). In certain instances ("qualifying events"), such as termination of employment, taking leave without pay, or other instances, employees and enrolled family members who are no longer eligible for State Health Benefits Program membership may continue coverage at their own expense for 18, 29, or 36 months. The length of time depends on the reason the participant no longer is eligible. A complete list of qualifying events is available from your Benefits Administrator.

A Certificate of Coverage, which provides evidence of your prior health coverage, is available (as required by federal law) to all persons leaving the State Health Benefits Program. You may need to furnish the certificate if you become eligible under a group health plan that excludes coverage for certain medical conditions that you have before you enroll.

If you become covered under another group health plan, check with the plan administrator to see if you need to provide this certificate. It would apply when your new group plan has a pre-existing conditions provision and you or a covered family member received medical advice, diagnosis, care or treatment for such a medical condition within six months before enrollment in that new plan.

For additional information about Extended Coverage, contact your Benefits Administrator.

Commonwealth of Virginia
Department of Human Resource Management
C/O Trigon Blue Cross Blue Shield
P. O. Box 27401, Mail Drop 03P
Richmond, VA 23279

PRESORTED
FIRST-CLASS MAIL
U.S. POSTAGE PAID
RICHMOND, VA
PERMIT NO. 1948

Address Service Requested

Your Fall Issue Of Spotlight With Important Benefits Information Inside

Read Immediately

Visit Us On The Web

There's a wealth of information waiting for you on our Web site at www.dhrm.state.va.us/hbenefit.htm.
Be sure to visit us there!